

36.11.453 TIMBER CONSERVATION LICENSE BIDDING AND BONDING

(1) Prospective timber purchasers bidding on a sale that contains a request for a timber conservation license must submit two bids, except as specified below. One bid shall be to purchase the full amount of timber offered for sale. The second bid shall be to purchase the full sale less the timber identified by the timber conservation license. If both bids are not received, the bid shall be considered non-responsive. In the event that the timber conservation license application encompasses the entire proposed timber sale area, timber purchasers shall submit a single bid for the entire proposed sale area.

(2) Prospective conservation license bidders may bid only on the area identified in the conservation license.

(3) If no bid above the minimum asking price is received on the portion of the sale designated for harvest, the department will not award a conservation license in lieu of a timber sale. The department will, at its discretion, withdraw the sale or will re-offer the sale including the conservation license in lieu of a timber sale at a lower minimum asking price.

(4) The department shall select the bid or combined bid and timber conservation license that generates the most revenue for the trust beneficiaries.

(5) If the timber conservation license is accepted as the winning bid, the license holder must post a performance bond equal to a minimum of 5% of deferred stumpage value, and shall also pay forest improvement fees as may be required by 77-5-204, MCA.

(a) The purchaser of the timber conservation license shall pay the bond as if it were a timber purchase, based on the bid price.

(b) The license cost shall be prorated over three years to simulate the annual average payments made if the sale were for the harvest of the timber.

(c) The first payment is due upon contract signing and the remaining two payments are due on the anniversary of the contract signing date for each of the next two years.

(d) Forest improvement fees shall be paid in six equal quarterly payments beginning with the first quarter following the bid award.

(e) Other arrangements for earlier payment of forest improvement fees may be made if agreed to by the department and the conservation license purchaser.

(f) The purchaser of the sale or portion of the sale for the purpose of harvesting timber shall pay bonds, forest improvement fees, and stumpage in the usual manner based on a harvest of the reduced volume of timber.

(g) A bond filed in accordance with the provisions of this part may not be released by the department until the rules adopted pursuant to 77-5-208, MCA, and the terms of the timber conservation license have been fulfilled.

(7) The volume of timber associated with the timber conservation license may be counted as part of the annual timber sale requirement for the state timber sale program administered by the department. (History: 77-5-201, MCA; IMP, 77-5-208, 77-5-223, MCA; NEW, 2003 MAR p. 2874, Eff. 12/25/03.)